

Message Text

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C O N F I D E N T I A L STATE 011248

E.O. 11652: GDS

TAGS: EINV, ELAB, PFOR, OECD, SF, EEC, SZ

SUBJECT: EC CODE OF CONDUCT FOR FOREIGN FIRMS OPERATING
IN SOUTH AFRICA

FOLLOWING IS A REPEAT OF STATE 281210 -- CONFIDENTIAL.

"DRAFTED BY IO/UNP:TNILES:EK
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AF/S:CTAYLOR
AF/EP:CCUNDIFF
IO:CWMAYNES
TREASURY: GHUFFBAUER

OR 240048Z NOV 77
FM SECSTATE WASHDC
TO PARIS
BRUSSELS
INFO: ALL OECD CAPITALS, DAR ES SALAAM, PRETORIA, LUSAKA,
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DURBAN, CAPE TOWN, JOHANNESBURG, USUN NEW YORK
USOECD, BRUSSELS ALSO FOR USEC, PARIS ALSO FOR EMBASSY
E.O. 11652: GDS
TAGS:EINV, ELAB, PFOR, OECD, SF, EEC, SZ
SUBJECT: EC CODE OF CONDUCT FOR FOREIGN FIRMS CONFIDENTIAL
OPERATING IN SOUTH AFRICA
USOECD PASS SECDEL 0900 NOV. 24

REF: PARIS 30851

1. FOR OECD PARIS: IN NOVEMBER 24 OECD HEADS OF DELEGATION DISCUSSION OF EC CODE OF CONDUCT, US REPRESENTATIVE SHOULD DRAW ON FOLLOWING POINTS.

2. THE RECENT SECURITY COUNCIL DEBATE ON SOUTH AFRICA WHICH CONCLUDED WITH THE ADOPTION OF A MANDATORY ARMS EMBARGO UNDER CHAPTER VII, MADE CLEAR THAT MANY COUNTRIES REGARD WESTERN ECONOMIC TIES WITH SOUTH AFRICA, AND IN PARTICULAR THE CONTINUATION OF INVESTMENT, AS SUPPORTIVE OF APARTHEID. WHILE THE US NEITHER ENCOURAGES NOR DISCOURAGES PRIVATE INVESTMENT IN SOUTH AFRICA, WE BELIEVE THAT THE EMPLOYMENT PRACTICES OF WESTERN COMPANIES OPERATING IN SOUTH AFRICA PROVIDE A USEFUL MEANS FOR US TO WORK FOR POSITIVE CHANGES IN SOUTH AFRICA.

3. IN THIS SPIRIT, THE USG WELCOMES THE ADOPTION BY THE MEMBERS OF THE EUROPEAN COMMUNITIES OF A CODE OF CONDUCT FOR THEIR FIRMS WHICH HAVE OPERATIONS IN SOUTH AFRICA. SINCE 1973, THE U.S. HAS PUBLICLY URGED US FIRMS OPERATING IN SOUTH AFRICA TO FOLLOW ENLIGHTENED EMPLOYMENT PRACTICES, ON A VOLUNTARY BASIS, TOWARD ALL OF THEIR EMPLOYEES, REGARDLESS OF RACE. WE HAVE STRESSED THE NEED FOR FAIR AND ADEQUATE WAGES, INCREASED OPPORTUNITIES FOR BLACK WORKERS TO RECEIVE TRAINING AND ADVANCEMENT, COMPREHENSIVE FRINGE BENEFITS AND THE RECOGNITION OF BLACK UNIONS. WE
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HAVE ALSO SUPPORTED THE EFFORTS OF THE REV. LEON SULLIVAN TO GAIN VOLUNTARY AGREEMENT BY US FIRMS ACTIVE IN SOUTH AFRICA TO A SET OF PRINCIPLES WHICH ARE SIMILAR IN MOST RESPECTS TO THOSE ADOPTED BY THE EC. TO DATE, ALMOST 60 US CORPORATIONS HAVE SUBSCRIBED TO THIS INITIATIVE. WE BELIEVE THAT SUCH VOLUNTARY EFFORTS HAVE PLAYED AN IMPORTANT ROLE IN IMPROVING THE EMPLOYMENT PRACTICES OF US FIRMS IN SOUTH AFRICA.

4. IN OUR APPROACH TO THE PROBLEM OF SOUTH AFRICA, THE US HAS CONSISTENTLY STRESSED THE DESIRABILITY OF MAINTAINING A UNIFIED STANCE BY SOUTH AFRICA'S TRADITIONAL TRADING PARTNERS, WHICH INCLUDE MANY OF THE MEMBERS OF THE OECD. WE BELIEVE THAT IT IS IMPORTANT THAT THE SAG REALIZES THAT IT HAS NO SUPPORT INTERNATIONALLY FOR THE COURSE WHICH IT IS FOLLOWING IN ITS RACIAL POLICIES, AND THAT THE CONTINUATION OF THESE POLICIES WILL INEVITABLY HAVE AN IMPACT ON THE ECONOMIC RELATIONSHIP BETWEEN SOUTH AFRICA AND ITS TRADITIONAL FRIENDS. IN ADDITION, WHILE THE ADOPTION OF A COMMON ATTITUDE ON EMPLOYMENT PRACTICES WILL NOT OVERCOME AFRICAN OBJECTION TO CONTINUED ECONOMIC TIES BETWEEN OUR COUNTRIES AND SOUTH AFRICA, IT WOULD ADVANCE THE COURSE OF HUMAN RIGHTS AND SOCIAL JUSTICE, TO THE

BENEFIT OF THE BLACK POPULATION OF SOUTH AFRICA.

5. FOR THIS REASON, THE US WOULD BE WILLING TO DISCUSS THE ADOPTION BY THOSE COUNTRIES WHOSE COMPANIES OPERATE IN SOUTH AFRICA OF A COMMON CODE CONSISTENT WITH OUR INTERNATIONAL CONCERNS COVERING HUMANITARIAN ISSUES, LABOR AND EMPLOYMENT CONDITIONS. IN SUCH AN EFFORT, WE BELIEVE THAT THE EC-CODE WOULD OBVIOUSLY NEED TO BE CONSIDERED ALONG WITH SIMILAR SETS OF PRINCIPLES WHICH HAVE BEEN DEVELOPED IN THE US.

6. IN THE US VIEW, THE EC CODE HAS MANY COMMENDABLE FEATURES AND REPRESENTS A STEP FORWARD. WE WERE PARTICULARLY PLEASED WITH ITS TREATMENT OF THE PROBLEMS OF CONFIDENTIAL

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BLACK UNIONS, MIGRATORY LABOR AND THE IMPLEMENTATION OF THE CONCEPT OF "EQUAL PAY FOR EQUAL WORK." AT THE SAME TIME, WE HAVE SOME PROBLEMS WITH ITS PROVISIONS FOR REPORTING AND REVIEW, WHICH DO NOT APPEAR TO BE ENTIRELY VOLUNTARY AS WE BELIEVE ANY CODE MUST BE IN THE FINAL ANALYSIS. EFFECTIVE IMPLEMENTATION OF SUCH A CODE WILL DEPEND TO A LARGE MEASURE UPON THE EXTENT TO WHICH THE PRIVATE FIRMS ARE INVOLVED IN THE DEVELOPMENT OF THE CODE. THESE ARE MATTERS WHICH WE CAN GO INTO IN MORE DETAIL IF OTHER COUNTRIES BELIEVE IT WOULD BE WORTHWHILE TO ATTEMPT TO DEVELOP A COMMON CODE.

7. WE WOULD BE INTERESTED IN HEARING THE VIEWS OF OTHERS ON THIS QUESTION. REGARDING THE VENUE FOR ANY DISCUSSIONS WHICH WE MIGHT HOLD, WE CAN SEE MANY ADVANTAGES IN NOT INTRODUCING INTO THE OECD AN ISSUE WITH SUCH POLITICAL OVERTONES.

8. FOR EMBASSY BRUSSELS: PLEASE INFORM BELGIANS, IN THEIR EC PRESIDENCY ROLE, OF APPROACH WE PLAN TO TAKE AT OECD MEETING AND REPORT REACTION.
VANCE"

CHRISTOPHER

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NNN

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